

Exhibit No. \_\_ (JSP-1T)

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

DOCKET NO. UG-060518

DIRECT TESTIMONY OF

JANE S. PETERS

REPRESENTING AVISTA CORPORATION

1           **Q.     What is your name and by whom are you employed?**

2           A.     My name is Jane S. Peters. I am President and sole owner of Research Into  
3 Action, Inc.

4           **Q.     What is the nature of your firm's business?**

5           A.     Research Into Action is a social marketing research and program evaluation  
6 firm. Our work is focused on demand side management and renewable energy programs, as  
7 well as other environmentally-focused programs such as toxic waste, water and  
8 transportation.

9           **Q.     What are your qualifications and that of your firm?**

10          A.     I have a Ph.D. in urban studies from Portland State University. I have more  
11 than 25 years of experience in energy-related customer research, market assessment, program  
12 performance measurement and evaluation, strategic planning, organizational analysis, and  
13 process reengineering. My company, Research Into Action, has conducted a wide variety of  
14 projects since its founding in 1996, including evaluations of market transformation and  
15 resource acquisition programs and market assessments for a variety of innovative programs  
16 and technologies. In addition, Research Into Action has been involved in some of the well-  
17 known evaluative work during this time, including the Framework for Planning and  
18 Evaluating Energy Efficiency Programs in 2000 and the National Best Practice Study 2005.

19          My resume and a statement of qualifications for my firm are attached as Exhibit  
20 \_\_ (JSP-2).

21          **Q.     Have you and your firm had prior experience in reviewing DSM results,**  
22 **as well as evaluating decoupling mechanisms?**

1           A.     Yes. I have led four verification audits in my career, and one of those  
2           concerned a decoupling mechanism. Two of those verification audits were conducted for  
3           Avista as an employee with Research Into Action, one of which we are currently in the  
4           middle of. The other two were conducted under my direction at my previous employer,  
5           Barakat & Chamberlin, Inc. While I have not conducted an evaluation of a decoupling  
6           mechanism per se, I have consulted with Mr. Terry Fry, Senior Vice President at Nexant,  
7           Inc., who is familiar with, and has performed such evaluations and who has reviewed  
8           Avista's Draft Evaluation Plan. Mr. Fry has also been made aware of the nature of the data  
9           available for Avista, for purposes of conducting an evaluation. Mr. Fry will be available to  
10          answer questions from the Commission and the parties during the hearing process.

11           **Q.     Have you been previously retained by Avista and for what purpose?**

12          A.     Yes. I was retained by Avista in August 2001 to conduct a desk audit of its  
13          Low-Income Rate Assistance Program (LIRAP), and in June 2007 I was retained by Avista to  
14          conduct a verification audit of its gas DSM programs for 2006, 2007 and 2008; we completed  
15          and submitted the report for the audit for 2006 and are preparing to perform the 2007 audit.  
16          As such, I have considerable familiarity with the available data for Avista's DSM efforts.

17           **Q.     Have you otherwise been retained, at this point, for purposes of**  
18           **performing an evaluation of Avista's decoupling mechanism?**

19          A.     No, we have not been retained by Avista to conduct an evaluation of Avista's  
20          decoupling mechanism.

21           **Q.     What then is the purpose of your testimony?**

1           A.     The purpose of my testimony is to address two questions: (1) Will sufficient  
2 data be available for whomever is selected as an Evaluator, to enable an effective program  
3 evaluation? (2) Can an effective and timely evaluation be performed of Avista's decoupling  
4 mechanism, consistent with the proposed schedule, allowing for the filing of the evaluation  
5 with this Commission by March 31, 2009?

6           **Q.     Has your firm recently examined the nature and quality of data currently**  
7 **collected by Avista with respect to its DSM program?**

8           A.     Yes, Mr. Ryan Bliss, a project director with Research Into Action and the day-  
9 to-day project manager for the 2006-2008 Avista gas DSM verification audit, visited Avista's  
10 offices on March 18, 2008 to meet with the DSM staff and to review their data collection and  
11 data management procedures.

12          **Q.     What is the nature of such data?**

13          A.     The data included records pertaining to sales, revenue, surcharges, margin,  
14 rate schedules, new customers, and programmatic DSM efforts. The latter included a  
15 database of DSM projects with records documenting measures and savings estimates as well  
16 as a description of how DSM efforts have grown and evolved over time. Mr. Bliss was given  
17 access to any and all data that he judged to be pertinent.

18          Mr. Bliss reviewed the financial record-keeping procedures with Avista staff,  
19 covering the company's decoupling journal, weather normalization methodology, the use of  
20 base year data, and the tracking of rate class changes. He also reviewed sample DSM records,  
21 including evaluation reports (with no confidential information shown), sample records from  
22 the DSM database, and sample dual-fuel incentive calculator print-outs. He was presented

1 with a history of Avista's DSM activities, including a description of the role of the External  
2 Energy Efficiency (EEE) Board and of Avista's current activities, including the company's  
3 "Every Little Bit" campaign and mini-site; based on this information, he clarified how Avista  
4 would quantify any increase in the scope or magnitude of natural gas DSM programs during  
5 the term of the decoupling mechanism. Finally, Mr. Bliss reviewed sample EEE reports,  
6 which detailed utility costs, incentives, program savings, non-energy benefits, customer costs,  
7 cost effectiveness data, and energy efficiency tariff rider balances.

8 Based on Mr. Bliss's review of procedures and sample records, and his discussions  
9 with Avista DSM staff regarding the history of the company's DSM activities as well as  
10 Research Into Action's past experience in verifying Avista's 2006 natural gas DSM activities,  
11 we have concluded that the data are detailed and comprehensive and would support the  
12 proposed evaluation.

13 **Q. Will that data include information collected for calendar year 2008, as**  
14 **well?**

15 A. It is our understanding that data for all four quarters of 2008 will be available  
16 by January 15, 2009.

17 **Q. Was there sufficient data collected by the Company to allow for an**  
18 **effective evaluation?**

19 A. Yes. I base this assessment on our firm's prior involvement in auditing  
20 Avista's DSM results, as well as a recent site visit on March 18, 2008, to answer this  
21 question. During that visit, Mr. Bliss of our Company sampled available data that has been  
22 or will be collected that would prove pertinent to any evaluation. Moreover, I have consulted

1 with Mr. Fry in this regard, in order to solicit his views. I believe the data collected will  
2 allow for a demonstration of whether Avista's conservation efforts have been enhanced while  
3 the decoupling mechanism has been in effect.

4 **Q. Have you reviewed the draft evaluation plan?**

5 A. Yes, I have, and I have also had it reviewed by Mr. Terry Fry, Senior Vice  
6 President at Nexant, Inc., who would be a consultant to us in any such evaluation project,  
7 were we chosen as the Evaluator.

8 **Q. If your firm were asked to perform an effective evaluation of the**  
9 **mechanism, would it be able to do so within the proposed time frames, i.e., to allow for**  
10 **submission to Commission by March 31, 2009?**

11 A. Yes. Research Into Action, Inc. and our subcontractor Nexant Inc. would be  
12 able to conduct such an evaluation of the decoupling mechanism in the time specified. I have  
13 confirmed this with Nexant, Inc.

14 **Q. Does that conclude your direct testimony in this proceeding?**

15 A. Yes, it does